

MONTHLY OPERATING REPORT**CHAPTER 11**CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EEFor Period Sept. 1 to Sept. 30, 200 9Mark One Box For Each
Required Report/Document**THIS REPORT IS DUE 15 DAYS AFTER THE END OF THE MONTH.**

The debtor must attach each of the following reports unless the United States Trustee has waived the requirement in writing. File original with Clerk of Court and duplicate with UST with an original signature.

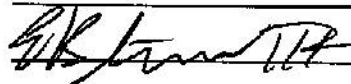
Report/Document
AttachedPreviously
Waived**REQUIRED REPORTS/DOCUMENTS**

(mark only one - attached or waived)

<input checked="" type="checkbox"/> (x)	<input type="checkbox"/> ()	Comparative Balance Sheet (Form 2-B)
<input checked="" type="checkbox"/> (x)	<input type="checkbox"/> ()	Profit and Loss Statement (Form 2-C)
<input checked="" type="checkbox"/> (x)	<input type="checkbox"/> ()	Cash Receipts & Disbursements Statement (Form 2-D)
<input checked="" type="checkbox"/> (x)	<input type="checkbox"/> ()	Supporting Schedules (Form 2-E)
<input checked="" type="checkbox"/> (x)	<input type="checkbox"/> ()	Narrative (Form 2-F)
<input checked="" type="checkbox"/> (x)	<input type="checkbox"/> ()	Copies of Bank Statement(s) and Reconciliations of Bank Balance to Book Balance for all Account(s)

I declare under penalty of perjury that the following Monthly Financial Report and any attachments thereto, are true and correct to the best of my knowledge and belief.Executed on: October 15, 2009Debtor(s)*: Warehouse 86, LLC

By:**



Position:

Chief Financial OfficerName of Preparer: Ernest K. Strahan, III

Telephone No.

of Preparer: 901-628-8545

*both debtors must sign if a joint petition

**for corporate or partnership debtor

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

COMPARATIVE BALANCE SHEET

	Filing								
	Date	Month	Month	Month	Month	Month	Month	Month	Month
	11/04/08	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09		
ASSETS:									
CURRENT ASSETS:									
Cash	89,361	157,468	158,324	179,444	179,178	104,002	98,930		
Accounts Receivable, Net	152,270	611	611	611	611	611	611		
Inventory, at lower of cost or market	73,633	0	0	0	0	0	0		
Prepaid expenses & deposits*	68,702	82,502	82,502	82,502	82,502	82,502	82,502		
Other									
TOTAL CURRENT ASSETS	383,966	240,581	241,437	262,557	262,291	187,115	182,043		
PROPERTY, PLANT & EQUIPMENT**	2,178,073	0	0	0	0	0	0		
Less accumulated depreciation	-1,124,978	0	0	0	0	0	0		
NET PROPERTY, PLANT & EQUIPMENT	1,053,096	0	0	0	0	0	0		
OTHER ASSETS									
Interests in incorporated businesses	6,573	0	0	0	0	0	0		
Insurance claim from tornado & fire,									
registered name, customer lists									
(unknown)									
TOTAL OTHER ASSETS	6,573	0	0	0	0	0	0		
TOTAL ASSETS	1,443,634	240,581	241,437	262,557	262,291	187,115	182,043		

If assets are carried at historical cost on debtor's accounting records and debtor elects to show them as such on the monthly reports, note the change above and include remarks on FORM 2-F (Narrative). All subsequent reports must then carry these assets at that value. Do not use historical cost one month and fair market value the next.

**This number does not include \$1,117,225.84, the estimated reduction due to the tornado/fire.

*This is a corrected number to reflect that the pre-petition retainer of \$35,000 should have properly been shown as a pre-petition legal expense since there was no balance as of the date of the filing of the bankruptcy petition.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

COMPARATIVE BALANCE SHEET

Filing Date	Month		Month		Month		Month		Month	
	11/04/08	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09			
LIABILITIES:										
POST-PETITION LIABILITIES ***										
Taxes Payable (FORM 2-E, P. 1 of 3)										
Accounts Payable (FORM 2-E, P. 1 of 3)*	0	(73)	27	0	93,156	-	-			
Other - DIP Loan										
TOTAL POST-PETITION LIABILITIES	0	(73)	27	-	93,156	-	-			
PRE-PETITION LIABILITIES ***										
Notes Payable-Secured	1,254,902	3,732	3,732	3,732	3,732	3,732	3,732			3,732
Priority Debt	9,000	9,000	9,000	9,000	9,000	9,000	9,000			9,000
Priority Debt-Unsecured	19,000	19,000	19,000	19,000	19,000	19,000	19,000			19,000
Unsecured Debt**	2,552,082	2,516,486	2,516,486	2,516,413	2,516,413	2,516,413	2,516,413			2,516,413
Other										
TOTAL PRE-PETITION LIABILITIES	3,854,984	2,548,218	2,548,218	2,548,145	2,548,145	2,548,145	2,548,145			2,548,145
TOTAL LIABILITIES	3,854,984	2,548,145	2,548,245	2,548,145	2,641,301	2,548,145	2,548,145			2,548,145
EQUITY (DEFICIT)										
PREFERRED STOCK										
COMMON STOCK										
PAID-IN CAPITAL										
RETAINED EARNINGS										
Through Filing Date****	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)	(2,411,350)			(2,411,350)
Post Filing Date		103,756	104,542	125,762	32,340	50,320	45,248			
TOTAL EQUITY (NET WORTH)	(2,411,350)	(2,307,594)	(2,306,808)	(2,285,588)	(2,379,010)	(2,361,030)	(2,366,102)			
TOTAL LIABILITIES & EQUITY	1,443,634	240,551	241,437	262,557	262,291	187,115	182,043			

*Reflects disputed insurance charge-Reconciled June 2009

**Reflects payment of utility charges and insurance premiums pursuant to court order

***Reflects updated November pre and post-petition liability balances due to final reconciliation.

****This reflects a change to move a \$35,000 pre-petition retainer that should have been a pre-petition legal expense.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

PROFIT AND LOSS STATEMENT

	Month	Month	Month	Month	Month	Month	Month
	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	
NET REVENUE	0	0	0	0	0	0	0
COST OF GOODS SOLD:							
Material	0	0	0	0	0	0	0
Labor-Direct	0	0	0	0	0	0	0
Overhead	0	0	0	0	0	0	0
TOTAL COST OF GOODS SOLD	0	0	0	0	0	0	0
GROSS PROFIT	0	0	0	0	0	0	0
OPERATING EXPENSES							
Selling & Marketing							
General & Administration (Rents, utilities, salaries, etc.)	5	(930)	(21,393)	93,189	(18,135)	5,089	
Other							
TOTAL OPERATING EXPENSES	5	(930)	(21,393)	93,189	(18,135)	5,089	
INTEREST EXPENSE	230	174	173	237	205	40	
INCOME BEFORE DEPRECIATION OR TAXES	(235)	756	21,220	(93,426)	17,930	(5,129)	
DEPRECIATION OR AMORTIZATION:	0	0	0	0	0	0	0
OTHER INCOME	0	0	0	4	50	0	0
GAIN/LOSS ON DISPOSAL OF FIXED ASSETS	0	0	0	0	0	0	0
NET INCOME (LOSS)	(235)	756	21,220	(93,422)	17,980	(5,129)	

*Requires explanation in NARRATIVE (FORM 2-F).

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**CASH RECEIPTS AND DISBURSEMENTS STATEMENT**For Period Sept. 1 to Sept. 30, 200 9**CASH RECONCILIATION**

1.	Beginning Cash Balance (Ending Cash Balance from last month's report)		<u>\$ 104,002</u>
2.	Cash Receipts (total Cash Receipts from page 2 of all FORM 2-D's)	<u>\$ 57</u>	
3.	Cash Disbursements (total Cash Disbursements from page 3 of all FORM 2-D's)	<u>\$ 5,129</u>	
4.	Net Cash Flow		<u>\$ (5,072)</u>
5.	Ending Cash Balance (to FORM 2-B)		<u><u>\$ 98,930</u></u>

CASH SUMMARY - ENDING BALANCE

	<u>Amount*</u>	<u>Financial Institution</u>
1. Operating Account	\$ -	Bank of America-3903
2. Operating Account	\$ -	Bank of America-9451
3. Payroll Account	\$ -	Bank of America-5429
4. Sales Account	\$ -	PayPal
5. Sales Account	\$ -	PayPal Alt
6. Money Market Account	\$ 6,855	Bank of America-DIP
7. Operating Account	\$ 79,255	Bank of America-DIP
8. Payroll Account	\$ 12,820	Bank of America-DIP Payroll
TOTAL (must agree with line 5 above)	<u><u>\$ 98,930</u></u>	

*These amounts should be equal to the previous month's balance for the account plus this month's receipts less this month's disbursements.

ADJUSTED CASH DISBURSEMENTS

Cash disbursements on Line 3 above less
inter-account transfers & UST fees paid

\$ 5,129

*NOTE: This amount should be used to determine UST quarterly fees due and agree with Form 2-D, page 2 of 4.

CASE NAME: Warehouse 86, LLCCASE NUMBER: 08-03423-EE**QUARTERLY FEE SUMMARY**

MONTH ENDED SEPTEMBER 2009

Payment Date	Cash Disbursements*	Quarterly Fee Due	Check No.	Date
January	\$ 27,100			
February	\$ 55,934			
March	\$ 4,487			
Total				
1st Quarter	\$ 87,521	\$ 975 (\$650 credit)		
April	\$ 1,286			
May	\$ 174			
June	\$ 273			
Total				
2nd Quarter	\$ 1,733	\$ 325 (\$325 credit)		
July	\$ 270			
August	\$ 93,368			
September	\$ 5,129			
Total				
3rd Quarter	\$ 98,767	\$ 650 (\$325 credit)		
October	\$			
November	\$			
December	\$			
Total				
4th Quarter	\$ 0	\$		

DISBURSEMENT CATEGORY	QUARTERLY FEE DUE
Less than \$14,999.00	\$325
\$15,000-\$74,999.99	\$650
\$75,000-\$149,999.99	\$975
\$150,000-\$224,999.99	\$1,625
\$225,000-\$299,999.99	\$1,950
\$300,000-\$999,999.99	\$4,875
\$1,000,000-\$1,999,999.99	\$6,500
\$2,000,000-\$2,999,999.99	\$9,750
\$3,000,000-\$4,999,999.99	\$10,400
\$5,000,000 and above	\$13,000

Note that a minimum payment of \$250 is due each quarter even if no disbursements are made in the case during the period.

*Note: should agree with "adjusted cash disbursements" at bottom of Form 2-D, Page 1 of 4. Disbursements are net of transfers to other debtor in possession bank accounts and net of payments of prior period quarterly fees.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Sept. 1 to Sept. 30, 200 9

Account Name: DIP-Payroll Account Account Number: 3755551966

CASH RECEIPTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
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Total Cash Receipts \$ -

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Sept. 1 to Sept. 30, 200 9

Account Name: DIP-Payroll Account Account Number: 3755555454

CASH RECEIPTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
09/30/2009	Interest Income	0.28

Total Cash Receipts \$ 0.28

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Sept. 1 to Sept. 30, 200 9

Account Name: Bank of America-DIP Account Number: 3755551953

CASH RECEIPTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Description (Source)</u>	<u>Amount</u>
9/18/09	Transfer from C86 account	56.93

Total Cash Receipts \$ 56.93

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Sept. 1 to Sept. 30, 200 9

Account Name: DIP-General Account Account Number: 3755551953

CASH DISBURSEMENTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
09/01/2009		Bank of America	Service charge	\$13.83
09/14/2009		TN Dept. of Revenue	Franchise tax	\$5,089.00

Total Cash Disbursements \$5,102.83

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Sept. 1 to Sept. 30, 200 9

Account Name: DIP-Money Market Account Account Number: 3755555454

CASH DISBURSEMENTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
09/01/2009		Bank of America	Service charge	\$0.05

Total Cash Disbursements \$0.05

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLC

CASE NUMBER: 08-03423-EE

CASH RECEIPTS AND DISBURSEMENTS STATEMENT

(This form should be completed for each type of account
listed on page 1 of FORM 2-D that the debtor maintained during the month.)

For Period Sept. 1 to Sept. 30, 200 9

Account Name: DIP-Payroll Account Account Number: 3755551966

CASH DISBURSEMENTS JOURNAL

(attach additional sheets as necessary)

<u>Date</u>	<u>Check No.</u>	<u>Payee</u>	<u>Description (Purpose)*</u>	<u>Amount</u>
09/01/2009		Bank of America	Service Charge	26.18

Total Cash Disbursements \$ 26.18

*Identify any payments to professionals, owners, partners, shareholders, officers, directors or any insiders and all adequate protection payments ordered by the court with an asterisk or highlighting. Any payments made as a result of a court order, should indicate the order date.

CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

SUPPORTING SCHEDULES

For Period Sept. 1 to Sept. 30, 2009

INSURANCE SCHEDULE

Type	Carrier/Agent	Coverage (\$)	Date of Expiration	Premium Paid
General Liability	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Property (Fire, Theft)	Employers Mutual Casualty Marchetti Robertson & Brickell	1,000,000	4/15/09	Yes
Vehicle	General Insurance Co. of America Marchetti Robertson & Brickell	1,000,000	4/29/09	Yes
Other (list): Excess/Umbrella**	National Union Fire Ins. Co. Marchetti Robertson & Brickell	3,000,000	4/29/09	Yes

**Umbrella Liability policy was cancelled on 4/29/09 when last of underlying insurance coverage expired.

Note: All insurance policies are expired, as there are no employees or property to insure.

(1) Attach copy of certificate of insurance or declaration page of policy for any coverage renewed or replaced during the current reporting month.

(2) For the premium paid column enter "yes" if payment of premium is current or "no" if premium payment is delinquent. If "no", explain on Form 2-F, Narrative.

CASE NAME: Warehouse 86, LLC CASE NUMBER: 08-03423-EE

NARRATIVE STATEMENT

For Period Sept. 1 to Sept. 30, 2009

Please provide a brief description of the significant business and legal action by the debtor, its creditors or the court during the reporting period. Comments should include any change in bank accounts, explanation of extraordinary expenses, and purpose of any new post-petition financing. Comments should also include debtor's efforts during the month to rehabilitate the business and to develop a plan.

[illegible]

Bank of America

HH

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number: 3755551953
01 01 152 01 M0000 E# 1
Last Statement: 08/31/2009
This Statement: 09/30/2009

Customer Service
1-877-757-8233

WAREHOUSE 86 LLC
DEBTOR IN POSSESSION 08-03423
GENERAL PAYABLES ACCOUNT
PO BOX 16692
JACKSON MS 39236

Page 1 of 2

Bankruptcy Case Number: 0803423

You must not use your account for illegal transactions, for example those prohibited by the Unlawful Internet Gambling Enforcement Act 31 U.S.C. Section 5361 et. seq.

ANALYZED CHECKING**Account Summary Information**

Statement Period 09/01/2009 - 09/30/2009	Statement Beginning Balance	84,582.42
Number of Deposits/Credits 2	Amount of Deposits/Credits	56.93
Number of Checks 1	Amount of Checks	5,089.00
Number of Other Debits 1	Amount of Other Debits	13.83
	Statement Ending Balance	79,536.52
Number of Enclosures 1	Service Charge	.00

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
09/18		.01	TN BANKING CENTER DEPOSIT	100372027456
09/18		56.92	TN BANKING CENTER DEPOSIT	100372027456

Withdrawals and Debits**Checks**

Check Number	Amount	Date Posted	Bank Reference	Check Number	Amount	Date Posted	Bank Reference
20124	5,089.00	09/17	7282534870				

Other Debits

Date Posted	Customer Reference	Amount	Description	Bank Reference
09/15		13.83	Account Analysis Fee ANALYSIS CHARGE AUGUST BILLING FOR DETAIL 37555-51953	0879004400

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
08/31	84,582.42	83,491.32	09/17	79,479.59	79,479.59
09/01	84,582.42	84,582.42	09/18	79,536.52	79,536.52
09/15	84,568.59	84,568.59	09/30	79,536.52	79,536.52

Bank of America

HH

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406



Account Number 3755551966
01 01 152 01 M0000 E# 0
Last Statement: 08/31/2009
This Statement: 09/30/2009

Customer Service
1-877-757-8233

WAREHOUSE 86 LLC
DEBTOR IN POSSESSION 08-03423
PAYROLL ACCOUNT
PO BOX 16692
JACKSON MS 39236

Page 1 of 2

Bankruptcy Case Number: 0803423

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ANALYZED CHECKING**Account Summary Information**

Statement Period	09/01/2009 - 09/30/2009	Statement Beginning Balance	12,845.99
Number of Deposits/Credits	0	Amount of Deposits/Credits	.00
Number of Checks	0	Amount of Checks	.00
Number of Other Debits	1	Amount of Other Debits	26.18
		Statement Ending Balance	12,819.81
Number of Enclosures	0	Service Charge	.00

Withdrawals and Debits**Other Debits**

Date Posted	Customer Reference	Amount	Description	Bank Reference
09/15		26.18	Account Analysis Fee ANALYSIS CHARGE AUGUST BILLING FOR DETAIL 37555-51966	0879004400

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
08/31	12,845.99	12,845.99	09/30	12,819.81	12,819.81
09/15	12,819.81	12,819.81			

Bank of America

HH

CUSTOMER CONNECTION
BANK OF AMERICA, N.A.
DALLAS, TEXAS 75283-2406

Account Number 3755555454
01 01 152 01 M0000 E# 0
Last Statement: 08/31/2009
This Statement: 09/30/2009

Customer Service
1-877-757-8233

WAREHOUSE 86 LLC
DEBTOR IN POSSESSION 08-03423
MMS ACCOUNT
PO BOX 16692
JACKSON MS 39236

Page 1 of 2

Bankruptcy Case Number: 0803423

You must not use your account for illegal transactions, for example those prohibited by the Unlawful Internet Gambling Enforcement Act 31 U.S.C. Section 5361 et. seq.

MONEY MARKET SAVINGS**Account Summary Information**

Statement Period 09/01/2009 - 09/30/2009	Statement Beginning Balance	6,854.81
Number of Deposits/Credits 1	Amount of Deposits/Credits	.28
Number of Checks 0	Amount of Checks	.00
Number of Other Debits 1	Amount of Other Debits	.05
	Statement Ending Balance	6,855.04
Number of Enclosures 0	Service Charge	.05

Interest Information

Amount of Interest Paid .28	Interest Paid Year-to-Date	11.51
Annual Percentage Yield Earned .05%		

Deposits and Credits

Date Posted	Customer Reference	Amount	Description	Bank Reference
09/30		.28	INTEREST PAID ON 30 DAYS AVERAGE COLLECTED BALANCE OF	0984000416
			\$6,854.81	

Withdrawals and Debits**Other Debits**

Date Posted	Customer Reference	Amount	Description	Bank Reference
09/30		.05	FDIC ASSESSMENT	

Daily Balances

Date	Ledger Balance	Collected Balance	Date	Ledger Balance	Collected Balance
08/31	6,854.81	6,854.81	09/30	6,855.04	6,855.04